

**Salt Lake Valley  
Emergency Communications Center  
West Valley City, Utah**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ending June 30, 2006**

Salt Lake Valley Emergency Communications Center

West Valley City, Utah

Comprehensive Annual Financial Report  
for the fiscal year ended June 30, 2006

Prepared by:  
Administration Department

Mike Veenendaal  
Interim Executive Director

David P. Sanderson  
Financial Manager

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## **Introductory Section**

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VALLEY EMERGENCY COMMUNICATIONS CENTER

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Draper City  
Police Department

Midvale City  
Police Department

Midvale City  
Fire Department

Murray City  
Police Department

Murray City  
Fire Department

Salt Lake County  
Sheriff Department

Salt Lake County  
Unified Fire Authority

Sandy City  
Police Department

Sandy City  
Fire Department

South Jordan City  
Police Department

South Jordan City  
Fire Department

South Salt Lake City  
Police Department

South Salt Lake City  
Fire Department

West Jordan City  
Police Department

West Jordan City  
Fire Department

West Valley City  
Police Department

West Valley City  
Fire Department

Alta, Town of  
Bluffdale City  
Cottonwood Heights  
Herriman City  
Holladay City  
Riverton City  
Taylorsville City

September 1, 2006

To the Board of Trustees, Board of Operations, and Interested Parties:

The Comprehensive Annual Financial Report (CAFR) of Salt Lake Valley Emergency Communications Center (the Center) for the fiscal year ended June 30, 2006 is submitted herewith. State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures, rests with the Center's management. To the best of our knowledge and belief, the data presented is accurate, in all material respects, and is presented in a manner designed to fairly set forth the results of operations of the Center; that the report fairly presents the financial position of the Center; and that all disclosures necessary to enable the reader to gain a maximum understanding of the Center's financial activities have been included.

The Center's financial statements have been audited by Osborne, Robbins and Buhler, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Center for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Center's financial statements for the fiscal year ended, June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The Center was not required to undergo a single audit in accordance with the provisions of the Office and Management and Budget (OMB) Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations".

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Center's MD&A can be found immediately following the report of the independent auditors.

This CAFR is presented in four main sections:

1. **Introductory Section** includes this transmittal letter and provides general information about the Center and history of operation, as well as other information on the contents of the report, the organization structure and the financial operations of the Center.
2. **Financial Section** includes the independent auditor's report, management's discussion and analysis, the basic financial statements, and notes thereto.
3. **Statistical Section** contains additional unaudited financial and general information generally presented on a multi year basis.
4. **Compliance and Internal Control Section** includes the independent auditor's report on compliance and internal control and state legal compliance.

## **Reporting Entity**

### ***History***

The reporting entity serves as the basis in preparing the CAFR.

The Valley Emergency Communications Center, West Valley, Utah, was organized June 13, 1988 pursuant to the provisions of the Utah Interlocal Co-operation Act as a joint enterprise of Midvale City, Murray City, Salt Lake County, Sandy City, South Jordan City, West Jordan City, West Valley City, Draper City and South Salt Lake who joined the Center in April 2000 (the Members). The primary purpose of the Center is to fund and operate a communications center which handles certain emergency communications and other services for the Members, including police, fire, medical dispatch and 911 services. This type of government structure is referred to as an inter-local agency. During the fiscal year 2000, when the Salt Lake County Commission signed a memorandum of understanding, the name was officially changed to Salt Lake Valley Emergency Communications Center. Salt Lake County Fire has merged to an organization called the Unified Fire Authority, referred herein as the "UFA". Other smaller cities that had contracted with Salt Lake County Fire now belong to the UFA. These cities include Riverton, Herriman, Town of Alta, and Cottonwood Heights. The place of business is located at 5360 South Ridge Village Drive, West Valley Utah.

The Board of Trustees is made up of a member from each member jurisdiction. A chairman and vice-chairman are elected each year. The regular meetings are held on the third Wednesday of each month at 2:00 p.m. at the Center.

## ***Mission Statement and Organizational Values and Every Employee a Leader, the Principles of Leadership***

### ***Our Mission:***

To enhance the quality of life by handling all 911 calls and other calls for service; dispatch necessary emergency services in a prompt, courteous, professional and correct manner, thereby saving lives, protecting property, stopping crime and preventing major fire loss while maintaining accurate information for our member agencies.

**Organizational Values:**

- ✓ We value the life and safety of those individuals whom we serve.
- ✓ We value professional, well- trained employees.
- ✓ We value the collection and distribution of accurate information.
- ✓ We value the creation of information systems that regularly evaluate the quality of the services we perform.
- ✓ We value the individual needs of our employees while encouraging the fostering of strong work teams.
- ✓ We value individual and organizational honesty.
- ✓ We value a healthy workplace, free from harassment or retribution, where each member works in a supportive environment.
- ✓ We value an appropriate sense of humor and recognize there are times when it is invaluable.
- ✓ We value good mental and physical fitness within a healthy environment.
- ✓ We value the building of quality positive listening skills and open communications.
- ✓ We value responsibility and accountability for our actions and decisions.

**Economic Outlook and Future Operations**

The area serviced by the Center is located approximately 10 miles south and west of Salt Lake City in Salt Lake County. The Center was created in 1988 because of the need to adequately serve the member cities through economies of scale and the purchase of expensive equipment. There has been tremendous growth in the member cities, which has caused tremendous growth in the number of calls per day the Center handles. Each member city pays a cost per call based on whether it is a fire or law enforcement call. The cost per call in 2006 was \$7.67 for law enforcement and \$23.10 for fire. Fire calls in 2006 amounted to 51,504 calls for service. This has increased 12 percent over six years. Law enforcement calls in 2006 amounted to 323,064 calls for service. This has increased 23.6 percent over six years.

The following is a summary of the calls handled by the Center during the past fiscal year.

Member Organization	Calls Handled	
	Law Enforcement	Fire
South Jordan	20,151	1,968
Midvale	26,101	3,333
Draper	15,308	-
South Salt Lake	32,586	4,007
Murray	36,353	4,104
West Jordan	55,155	4,182
Sandy	53,543	5,628
West Valley	83,867	8,288
Bluffdale	-	462
United Fire Authority	-	19,532

The operations of the Center will be impacted in the future if the Salt Lake County Sheriff decided to join the Center. Next year's budget was adopted without the Salt Lake County Sheriff with the intention that the budget would be amended whenever the Salt Lake County Sheriff joined the Center. Through some analysis based on costs per calls, it may be a short-term financial burden for the Center when this takes place, because the Salt Lake County Sheriff's calculated cost per call is approximately twice as much as the Center's. With their fee being based on the cost per call of the Center, it will provide approximately 1.3 million dollars in revenues and, as part of the agreement, the Center will absorb all the present Sheriff's dispatchers that are willing to transfer. At the present time, this is approximately two million dollars in salary and benefits. It is anticipated by the Center that only about 75% will actually transfer and the balance will be reduced through attrition. However, this could be over a six-month period of time and it is estimated at this time that the Center's net assets could be reduced by \$300,000 to accomplish this merger.

### ***Major Initiatives***

The Center has developed both short term and long-term goals. They are as follows:

#### **Short-Term Goals**

1. Continue to attain the Distinguished Budget and Financial Report Award, Financial Report Award, and Popular Report Award from GFOA.
2. Complete the necessary processes in preparation for the CALEA on-site and re-accreditation.
3. Continue developing the Horizons University curriculum to obtain more efficient, well-trained employees dedicated to improved job performance.
4. Continue development of the Wellness Program for the Center and apply for fiscal 2007 grant funds.
5. Implement release 9.0 of the Great Plains Accounting Software and complete employee training on Business Portal Software in order to maximize usage of the multiple functions available.
6. Implement Phase II. Upgrade the phone system to distinguish the location of cell phones using a graphical positioning chip inside the cell phone and using longitude and latitude technology.

#### **Long-Term Goals**

1. Refine the CAD solution, continuing work with Spillman Technologies during the interim to refine their software to better meet Center needs.
2. Complete the transition to the new "Landmark" product and evaluate the wireless delivery system needed for MDC/AVL.
3. Complete the fire dispatch process analysis as defined by the Trustees.
4. Refine the Police QA process to develop improved consistency among the supervisors.
5. Continue to work with our member agencies in the planning and development of their "Emergency Operations Centers".
6. Coordinate efforts to transition new member agencies and services into the Center.



## **Financial Information**

### ***Internal Controls***

In evaluating the Center's accounting system, an important consideration is the overall adequacy of internal controls. Internal controls are in place to provide management with reasonable assurance regarding (a) the safeguarding of assets against loss from unauthorized use or disposition; and (b) the overall reliability of the financial records for preparing financial statements and for maintaining accountability and control over the Center's assets. These procedures are deemed adequate to provide a reasonable assurance against misappropriation or other unauthorized use of the Center's assets.

### ***Budgetary Controls***

The Center is required by law to adopt an annual budget each year by the Board of Trustees. This is in accordance with the State of Utah Fiscal Procedures Act. State law has no budget requirements other than adopting a budget for the fiscal year with regards to enterprise funds therefore; no budget comparison to actual is presented.

Budget preparation affords the cost centers the opportunity to reassess their goals and objectives and the strategies for accomplishing them. Though the budget is reviewed by the Board of Trustees in May and adopted in June, its preparation begins six months prior with projection of revenues, reserves, and financial capacity. It is the backbone upon which cost center requests are formulated and reviewed.

The first step in the process is financial forecasting. The managers over each cost center develop their budget based on status quo from the previous year and add services or programs through additional requests. The administrative staff provides the Executive Director with revenue projections that serve as the framework of the budget.

Cost center managers meet with the Executive Director in January to discuss their operating and capital budget requests. Addition packages are evaluated on the Center's financial capacity and how they relate to the Center's priorities. Following the Executive Director's review and balancing of the budget, a balanced operating budget is developed.

The Executive Director then submits the balanced working budget document to the Board of Operations for their review. The Board of Operations is made up of the member agencies' police and fire chiefs. The Board of Operations reviews the proposed budget in January and February budget work sessions and votes on any change to the proposed budget. The Executive Director and the administrative staff compile this document for submittal to the Board of Trustees for their review and adoption.

### ***Cash Management***

The Center's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. During fiscal year 2006 the Center invested its idle funds with the State of Utah, Public Treasurer's Investment Fund. Excess balances in checking were invested in a cash management account through Wells Fargo Bank. State law requires that the Center funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. Center funds are invested as required by State Law. The Center saw an average rate of return of 4.50 percent on investments during fiscal year 2006.

### ***Risk Management***

The Center carries liability insurance through an outside agency to cover property, equipment, boiler and machinery and also public entity liability. In addition, a public treasurer's bond is in force. The Center actively implements various risk control and safety training techniques for the Center's employees, along with potential risk evaluations from its insurance carrier.

### **Retirement Plans**

The Center contributes to the Local Government Non-Contributory Retirement System cost-sharing defined benefit pension plans administered by the Utah Retirement Systems(s). Utah Retirement Systems provide retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Center has opted out of the Social Security System retirement program and provides in lieu of Social Security a defined cost pension plan (401a) administered by ICMA Retirement Systems. The employee and employer each contribute 6.20% towards this program.

### **Other Information**

#### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Distinguished Budget Award to Salt Lake Valley Emergency Communication Center for Fiscal year 2006. The Distinguished Budget award is valid for a period of one year only.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Comprehensive Annual Financial Report Award (CAFR) for the Fiscal year ending June 30, 2005. Management believes this report continues to meets all the standards to receive the award again. The CAFR award is valid for a period of one year only.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Popular Report Award (PRA) for the Fiscal year ending June 30, 2005. Management believes this report continues to meets all the standards to receive the award again. The PRA award is valid for a period of one year only.

### **Acknowledgements**

The preparation of this report on a timely basis was made possible through the efficient and dedicated services of the management and staff of the Center. We would like to express our appreciation to Osborne, Robbins and Buhler PLLC, Certified Public Accountants, for their guidance. We would like to thank the Board of Trustees and Board of Operations for their interest and support in planning financial operations of the Center in a responsible and progressive manner.

Respectfully submitted,



Mike Veenendaal  
Interim Executive Director



David P. Sanderson  
Financial Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Salt Lake Valley  
Emergency Communications  
Center, Utah

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial  
Reporting is presented by the Government Finance Officers  
Association of the United States and Canada to  
government units and public employee retirement  
systems whose comprehensive annual financial  
reports (CAFRs) achieve the highest  
standards in government accounting  
and financial reporting.



*Carla E. Fudge*

President

*Jeffrey R. Emer*

Executive Director

**Salt Lake Valley Emergency Communications Center**  
List of Principal Officials  
June 30, 2006

**BOARD OF TRUSTEES**

Rick Horst, Chairman, City Manager, South Jordan City  
Gary Luebbbers, Assistant Chairman, City Manager, West Jordan City  
Paul Isacc, Interim City Manager, West Valley City  
Krista Dunn, City Council, Murray City  
Byron Jorgenson, City Administrator, Sandy City  
Kane Loader, City Administrator, Midvale City  
Bob Gray, Mayor, City of South Salt Lake  
Tom Pollard, Mayor, Alta  
Claudia Anderson, Mayor, Bluffdale  
Gordon Thomas, City Council, Cottonwood Heights  
John Hendrickson, City Manager, Draper  
Keith Adams, City Council, Herriman City  
Karen Okabe, Deputy Mayor, Salt Lake County  
Russ Wall, Mayor, Taylorsville  
Lane Blackwood, Interim City Manager, Riverton  
Randy Fitts, City Administrator, City of Holladay

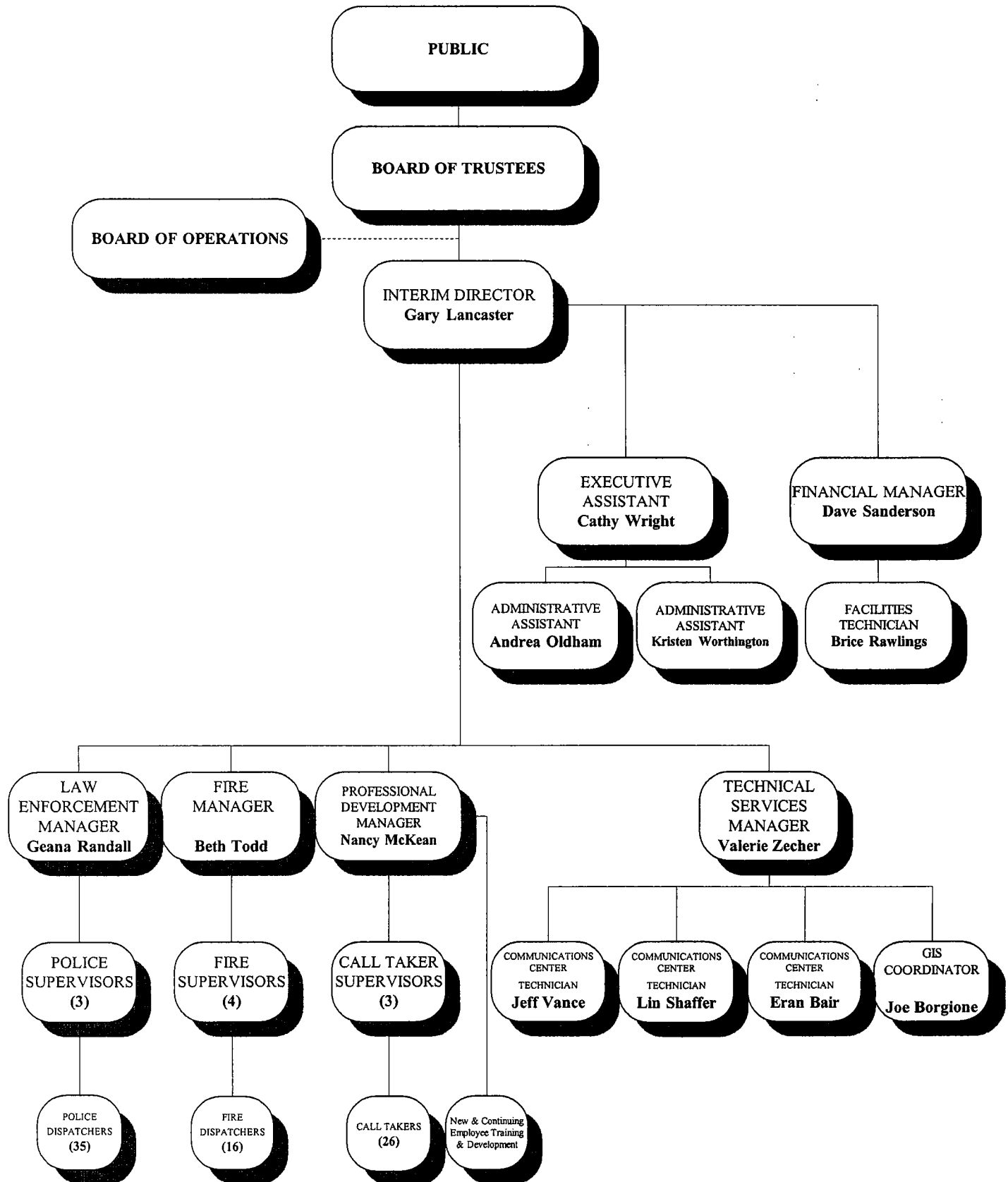
**BOARD OF OPERATIONS**

Stephen Chapman, Police Chief, Sandy City  
Steve Foote, Fire Chief, City of South Salt Lake  
Beau Babka, Police Chief, City of South Salt Lake  
Ken McGuire, Police Chief, City of West Jordan  
Brad Wardle, Fire Chief, City of West Jordan  
Buzz Nielsen, Police Chief, West Valley City  
John Evans, Chairman, Fire Chief, West Valley City  
Dan Pearson, Police Chief, City of South Jordan  
Chris Evans, Fire Chief, City of South Jordan  
Don Chase, Fire Chief, Sandy City  
Pete Fondaco, Police Chief, Murray City  
Gil Rodriguez, Fire Chief, Murray City  
Gerald Maughan, Police Chief, Midvale City  
Steve Higgs, Fire Chief, Midvale City  
Don Berry, Fire Chief, Unified Fire Authority  
Mac Connoles, Police Chief, Draper City

**MANAGEMENT**

Mike Veenendaal, Interim Executive Director  
Georgina Smith, Operations Manager  
Nina Bernstein, Human Resources  
David P. Sanderson, Financial Manager  
Jeff Vance, Management Information Systems Manager  
Geana Randall, Law Enforcement Dispatch Manager  
Beth Todd, Fire Dispatch Manager  
Nancy McKean, Professional Development Manager  
Cathy Wright, Executive Administrative Assistant

# Salt Lake Valley Emergency Communications Center



## **Financial Section**

# OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

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4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees  
Salt Lake Valley Emergency Communications Center

We have audited the accompanying basic financial statements of Salt Lake Valley Emergency Communications Center (the Center) as of and for the years ended June 30, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Salt Lake Valley Emergency Communications Center as of June 30, 2006 and 2005, and the changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 7, 2006 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 12 through 19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that comprise the Center's basic financial statements. The introductory section and statistical schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Center. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them.

*Osborne Rollins & Bakker PLLC*

August 7, 2006



**Salt Lake Valley Emergency Communications Center  
Management's Discussion and Analysis (Unaudited)  
June 30, 2006**

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Our discussion and analysis of the Center's financial performance provides an overview of the Center's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the Center's basic financial statements that begin on page 21.

**FINANCIAL HIGHLIGHTS**

The Center's net assets increased by \$573,756 in fiscal year 2006. This increase is primarily attributed to a \$750,000 grant received from the State's E9111 Committee for the purchase and implementation of the Center's Phase II System. The Phase II System allows for the Center to determine where a cell phone call originates from by determining the longitude and latitude of the cell phone caller. Net assets would have increased more if the 911 service charge revenues had not decreased over the prior year by \$1,112,782. These revenues are imposed by member governments on cell phone usage and are passed through the members to the Center as a service fee. Legislation implemented on July 1, 2003, by state law requires the Utah State Tax Commission to collect the fee instead of the 911 centers. The reasoning behind this legislation was that this would allow the Utah State Tax Commission to perform audits on the cell phone companies to determine if proper amounts are being remitted. This is the third year the tax commission has collected the service charge. The Center experienced a ten percent decline in revenues the first year, a forty-four percent increase the second year, and a twenty percent decrease the third year. The majority of the second year increase was due to an increase in service fees charged on each cell phone account. This fee increased from .53 cents to .61 cents. The increase of .08 cents was implemented to allow for 911 centers to upgrade their equipment to deal with determining the location of cell phone calls. The State tax commission believes this year's decline in revenue is due to non-compliance on reporting and remitting of these fees. They have recently made a rule change that changes the non-compliance fee from \$10.00 per report to 10% of the amount due. This rule change goes into effect on October 1, 2006 and they expect an increase in compliance that will increase the fee income. They will also be doing some auditing of companies to remedy the non-compliance issues it is facing.

Revenues for fiscal year 2006 totaled \$8,743,824 for the fiscal year. This was a decrease of \$923,826 from the previous year. The changes from the previous fiscal year are depicted by category as follows:

	2006	2005	Change
911 service charges	\$4,815,359	\$5,928,141	\$(1,112,782)
Member billings	3,629,441	3,521,287	108,154
Interest income	58,264	21,278	36,986
Lease revenue	106,995	107,000	(5)
Miscellaneous	133,765	89,944	43,821
	<u>\$8,743,824</u>	<u>\$9,667,650</u>	<u>\$(923,826)</u>

	2005	2004	Change
911 service charges	\$5,928,141	\$3,973,308	\$ 1,954,833
Member billings	3,521,287	3,233,943	287,344
Interest income	21,278	17,172	4,106
Lease revenue	107,000	107,000	-
Miscellaneous	89,944	73,541	16,403
	<u>\$9,667,650</u>	<u>\$7,404,964</u>	<u>\$2,262,686</u>

## **Salt Lake Valley Emergency Communications Center Management's Discussion and Analysis (Unaudited) June 30, 2006**

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Member service fees were up slightly because of a 3.0% increase in the cost-per-call. Interest rates continue to improve, therefore, interest income improved along with cash balances because of the increase in grant revenues. Miscellaneous income was up also.

Expenses increased over the previous year in all cost centers. Operating expenses were \$8,650,050 in fiscal year 2006 compared with \$7,916,875 in fiscal year 2005. The major increases were due to increases in personnel, rising health insurance costs, increases in overtime costs, and an increase in equipment support agreements.

The Center's total long-term obligations declined during 2006 by a net of \$399,960. The majority of this decrease was a principal payment of \$333,151 on the Lease Certificates of Participation. In 2001, the Center issued Certificates of Participations (COPS) to originally finance construction of the new building. This amount was refinanced in 2002 and the debt service was reduced, with the length of the debt service reduced to fifteen years. Additionally, there was a reduction in principal of \$53,843, representing the final payment on the Center's only capital lease obligation.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements.

*The Statement of Net Assets* presents information on all the Center's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.

*The Statement of Revenues, Expenses and Changes Net Assets* presents information showing how the Center's net assets changed during the year presented. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. (Such as earned but unused vacation leave.)

*The Statement of Cash Flows* presents information about the Center's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

### **FINANCIAL ANALYSIS**

To begin our analysis, a summary of the Center's Statement of Net Assets is presented in Table A-1.

As noted earlier, net assets may serve, over time, as a useful indicator of the Center's financial position. As of June 30, 2006, the Center's assets exceeded liabilities by \$3,133,842. Net assets as of June 30, 2005 and 2004 were \$2,560,086 and \$1,139,599, respectively. The increase from 2005 was due primarily to the capital contributions received by the Center in the form of intergovernmental grants that are restricted for use in acquiring capital assets. These contributions were \$823,103 in 2006 as compared to \$9,662 in 2005. The increase between 2004 and 2005 was due to the \$1,954,833 increase in 911 service charges. Long-term obligations decreased \$399,960 due to scheduled principal reductions during the year.

**Salt Lake Valley Emergency Communications Center  
Management's Discussion and Analysis (Unaudited)  
June 30, 2006**

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**Table A-1  
Net Assets**

	June 30, 2006	June 30, 2005	Change
Current and other assets	\$3,080,906	\$2,756,335	\$324,571
Capital assets	7,857,174	7,734,007	123,167
Total assets	10,938,080	10,490,342	447,738
Long-term obligations	6,194,351	6,594,311	(399,960)
Other liabilities	1,609,887	1,335,945	273,942
Total liabilities	7,804,238	7,930,256	(126,018)
Net assets invested in capital assets, net of related debt	1,770,117	1,264,996	505,121
Restricted for capital projects	203,761	-	203,761
Net assets unrestricted	1,159,964	1,295,090	(135,126)
Total net assets	\$3,133,842	\$2,560,086	\$573,756

	June 30, 2005	June 30, 2004	Change
Current and other assets	\$2,756,335	\$1,333,589	\$1,422,746
Capital assets	7,734,007	8,194,282	(460,275)
Total assets	10,490,342	9,527,871	962,471
Long-term obligations	6,594,311	7,010,424	(416,113)
Other liabilities	1,335,945	1,377,848	(41,903)
Total liabilities	7,930,256	8,388,272	(458,016)
Net assets invested in capital assets, net of related debt	1,264,996	1,321,919	(56,923)
Net assets unrestricted	1,295,090	(182,320)	1,477,410
Total net assets	\$2,560,086	\$1,139,599	\$1,420,487

**Salt Lake Valley Emergency Communications Center  
Management's Discussion and Analysis (Unaudited)  
June 30, 2006**

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**TABLE A-2  
Changes in Net Assets**

	Year Ended June 30, 2006	Year Ended June 30, 2005	Change
Operating revenues			
911 service charges	\$4,815,359	\$5,928,141	\$(1,112,782)
Charges for services	3,629,441	3,521,287	108,154
Miscellaneous	133,765	89,944	43,821
Total operating revenues	<u>8,578,565</u>	<u>9,539,372</u>	<u>(960,807)</u>
Nonoperating revenues			
Interest income	58,264	21,278	36,986
Lease revenue	106,995	107,000	(5)
Total nonoperating revenues	<u>165,259</u>	<u>128,278</u>	<u>36,981</u>
Total revenues	<u>8,743,824</u>	<u>9,667,650</u>	<u>(923,826)</u>
Operating expenses			
Administrative services	839,525	768,988	70,537
Management information systems	318,070	298,427	19,643
Call takers	3,127,879	2,697,001	430,878
Law enforcement dispatch	2,519,871	2,443,403	76,468
Fire dispatch	1,293,571	1,215,572	77,999
Depreciation	551,134	493,484	57,650
Total operating expenses	<u>8,650,050</u>	<u>7,916,875</u>	<u>733,175</u>
Nonoperating expenses			
Interest expense	338,081	334,910	3,171
Amortization of debt issue costs	5,040	5,040	-
Total nonoperating expenses	<u>343,121</u>	<u>339,950</u>	<u>3,171</u>
Total expenses	<u>8,993,171</u>	<u>8,256,825</u>	<u>736,346</u>
Income (loss) before contributions	<u>(249,347)</u>	<u>1,410,825</u>	<u>(1,660,172)</u>
Capital contributions – intergovernmental grants	<u>823,103</u>	<u>9,662</u>	<u>813,441</u>
Increase in net assets	<u>573,756</u>	<u>1,420,487</u>	<u>\$(846,731)</u>
Net assets at beginning of year	<u>2,560,086</u>	<u>1,139,599</u>	
Net assets at end of year	<u>\$3,133,842</u>	<u>\$2,560,086</u>	

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**TABLE A-2  
Changes in Net Assets - Continued**

	Year Ended June 30, 2005	Year Ended June 30, 2004	Change
Operating revenues			
911 service charges	\$5,928,141	\$3,973,308	\$1,954,833
Charges for services	3,521,287	3,233,943	287,344
Miscellaneous	89,944	73,541	16,403
Total operating revenues	9,539,372	7,280,792	2,258,580
Nonoperating revenues			
Interest income	21,278	17,172	4,106
Lease revenue	107,000	107,000	-
Total nonoperating revenues	128,278	124,172	4,106
Total revenues	9,667,650	7,404,964	2,262,686
Operating expenses			
Administrative services	768,988	612,801	156,187
Management information systems	298,427	444,969	(146,542)
Call takers	2,697,001	2,599,248	97,753
Law enforcement dispatch	2,443,403	2,244,817	198,586
Fire dispatch	1,215,572	1,212,657	2,915
Depreciation	493,484	485,163	8,321
Total operating expenses	7,916,875	7,599,655	317,220
Nonoperating expenses			
Interest expense	334,910	370,150	(35,240)
Amortization of debt issue costs	5,040	5,040	-
Total nonoperating expenses	339,950	375,190	35,240
Total expenses	8,256,825	7,974,845	281,980
Income (loss) before contributions	1,410,825	(569,881)	1,980,706
Capital contributions – intergovernmental grants	9,662	7,847	1,815
Increase (decrease) in net assets	1,420,487	(562,034)	\$1,982,521
Net assets at beginning of year	1,139,599	1,701,633	
Net assets at end of year	\$2,560,086	\$1,139,599	

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The increase in net assets for 2006 was due primarily to the increase in capital contributions. However, the overall increase was less than it could have been due to lower than expected 911 service fees and the cost centers incurring additional costs with salaries and increases in health insurance charges, overtime expenses for employees, and increased in equipment support agreements, thus reducing the net increase. Expenses in 2005 also increased over 2004 due primarily to personnel and related expenses.

The significant changes from the previous years relate to the changes over the past three years in regard to 911 service charges. The revenue went from \$3.9 million in 2004, to \$5.9 million in 2005, and back to \$4.9 million in 2006. The majority of the increase from 2004 to 2005 was an increase in the fees going up .08 cents on each individual phone bill. The decrease in 2006 was due, according to the State Tax Commission, to a non-compliance issue with some of the companies. The State Tax Commission recently changed the penalty of non-compliance from \$10.00 to ten percent of the amount owed. The change is expected to bring about more compliance that would increase the fee income. We expect a twenty percent increase in the forth-coming year based on this rule change.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2006, there was \$13,845,404 invested in capital assets, as shown in Table A-3. This amount increased by \$674,301 over the prior year due to the acquisition of new equipment for phase II implementation.

**TABLE A-3  
Capital Assets at Cost**

	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Land	\$ 100,000	\$ 100,000	\$ 100,000
Buildings	7,373,567	7,373,567	7,373,567
Improvements other than buildings	173,467	173,467	173,467
Equipment, furniture and fixtures	6,198,370	5,524,069	5,490,859
	<u>\$13,845,404</u>	<u>\$13,171,103</u>	<u>\$13,137,893</u>

Additional information on the Center's capital assets can be found in Note E on page 30 of this report.

**Debt**

During 2002, the Center issued \$7,435,000 in Refunding Certificates of Participation to refinance Certificates of Participation that were issued in 2001. This resulted in cash flow savings to the Center over the life of the Certificates of \$1,029,444. The Certificates have an outstanding balance at June 30, 2006 of \$6,142,497.

As of June 30, 2006 the Center had long-term obligations outstanding related to compensated absences due to employees totaling \$169,906.

The Center had no outstanding capital leases at the end of the year.

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The following summarizes the long-term debt activity for the Center for fiscal year 2006.

**TABLE A-4  
Long-Term Debt Outstanding**

	Balance at June 30, 2006	Balance at June 30, 2005	Change
2001 Certificates of Participation	\$6,142,497	\$6,475,648	\$(333,151)
Capital lease obligations	-	53,843	(53,843)
Unearned revenue	373,564	396,430	(22,866)
Compensated absences	169,906	185,564	(15,658)
	<u>\$6,685,967</u>	<u>\$7,111,485</u>	<u>\$(425,518)</u>

	Balance at June 30, 2005	Balance at June 30, 2004	Change
2001 Certificates of Participation	\$6,475,648	\$6,779,799	\$ (304,151)
Capital lease obligations	53,843	158,084	(104,241)
Deferred revenue	396,430	419,302	(22,872)
Compensated absences	185,564	162,899	22,665
	<u>\$7,111,485</u>	<u>\$7,520,084</u>	<u>\$ (408,599)</u>

The Center has never issued bonds and has no bond rating.

Additional information on the Center's Long-Term Debt can be found in Notes F and G on pages 31 and 32 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS**

Many operational and growth issues are affecting the Center. The most significant factor is how VoIP will affect the future of revenue sources and operations on the Center. VoIP stands for Voice over Internet Protocol (VoIP). The Center is currently assessing the best approach to handle the financial and regulatory impact that VoIP will have on operations. Strategic approaches must be developed in the future to deal with the potential financial and regulatory impact. This new type of 9-1-1 calls requires a more complex support structure than the old wire line 9-1-1. Certain upgrades are needed to process location information. The Center is still in the process of updating to Phase II wireless technology that is discussed below. In the world of OP convergence, information can be voice or data. This result is an efficient, cost-effective way to merge voice and data traffic on a common platform, since it is no longer necessary to maintain separate networks for voice and data. IP convergence represents the next revolution in communication services. It has been forecasted that VoIP telephony services would grow to about 1,000,000 US households by the end of 2005. VoIP has no regulatory control and therefore, no 9-1-1-service fees. The FCC will be the agency responsible for creating the regulatory framework for VoIP and the methodology for collecting 9-1-1 service fees. It is expected that state and local governments will seek to impose telecommunication excise taxes on VoIP.

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Fiscal year 2006/2007 budget showed an increase from the fiscal year 2005/2006 in the amount of \$839,980. The increase is attributed to higher revenue expectations for the coming year. The Center will be upgrading their phone system in the current budget year to finalize the implementation of Phase II technology. Phase II technology is for wireless phone calls to determine where the call is being placed through longitude and latitude technology. Every phone manufactured subsequent to 2005 is required to have a global positioning chip so when the call comes to the Center, the whereabouts of the call can be determined. The cost to the Center to implement Phase II technology for the Center is approximately 1.4 million dollars.

**CONTACTING THE CENTER'S FINANCIAL MANGEMENT**

This report is designed to provide a general overview of the Center's finances and to demonstrate the Center's accountability for the money it receives. If you have questions about this report or need additional information, contact the Center's Interim Executive Director at 5360 South Ridge Village Drive, West Valley, Utah 84118, by phone at (801) 840-4007, or e-mail at [mjveenendall@vecc9-1-1.com](mailto:mjveenendall@vecc9-1-1.com).



## Basic Financial Statements

**Salt Lake Valley Emergency Communications Center**  
**Statements of Net Assets**  
**June 30,**

	2006	2005
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 777,364	\$ 1,196,041
Receivables		
Intergovernmental	1,503,214	1,414,881
Other	54,324	12,333
Prepays	-	72,600
Restricted cash and cash equivalents	690,564	-
Total current assets	<u>3,025,466</u>	<u>2,695,855</u>
Noncurrent assets:		
Land	100,000	100,000
Depreciable capital assets, net of accumulated depreciation	7,757,174	7,634,007
Debt issue costs, net	55,440	60,480
Total noncurrent assets	<u>7,912,614</u>	<u>7,794,487</u>
Total assets	<u>\$ 10,938,080</u>	<u>\$ 10,490,342</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 52,042	\$ 48,579
Accrued liabilities	410,891	430,192
Current portion, certificates of participation	369,000	339,000
Current portion, capital lease obligations	-	53,843
Current portion, unearned revenue	22,872	22,872
Current portion, compensated absences	99,744	101,459
Payable to other governments	168,535	340,000
Current liabilities payable from restricted assets		
Accounts payable	486,803	-
Total current liabilities	<u>1,609,887</u>	<u>1,335,945</u>
Noncurrent liabilities		
Certificates of participation	5,773,497	6,136,648
Unearned revenue	350,692	373,558
Compensated absences	70,162	84,105
Total noncurrent liabilities	<u>6,194,351</u>	<u>6,594,311</u>
Total liabilities	<u>7,804,238</u>	<u>7,930,256</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,770,117	1,264,996
Restricted for capital projects	203,761	-
Unrestricted	1,159,964	1,295,090
Total net assets	<u>3,133,842</u>	<u>2,560,086</u>
Total liabilities and net assets	<u>\$ 10,938,080</u>	<u>\$ 10,490,342</u>

See accompanying notes to financial statements.

**Salt Lake Valley Emergency Communications Center**  
**Statements of Revenues, Expenses and Changes in Net Assets**  
**For the fiscal years ended June 30,**

	<u>2006</u>	<u>2005</u>
Operating revenues		
Charges for services		
911 service charges	\$ 4,815,359	\$ 5,928,141
Member billings	3,629,441	3,521,287
Miscellaneous	133,765	89,944
Total operating revenues	<u>8,578,565</u>	<u>9,539,372</u>
Operating expenses		
Administrative services	839,525	768,988
Management information systems	318,070	298,427
Call takers	3,127,879	2,697,001
Law enforcement dispatch	2,519,871	2,443,403
Fire dispatch	1,293,571	1,215,571
Depreciation	551,134	493,485
Total operating expenses	<u>8,650,050</u>	<u>7,916,875</u>
Operating income (loss)	<u>(71,485)</u>	<u>1,622,497</u>
Nonoperating revenues (expenses)		
Interest income	58,264	21,278
Lease revenue	106,995	107,000
Interest expense	(338,081)	(334,910)
Amortization of debt issue costs	(5,040)	(5,040)
Total nonoperating revenues (expenses)	<u>(177,862)</u>	<u>(211,672)</u>
Income before contributions	(249,347)	1,410,825
Capital contributions - intergovernmental grants	<u>823,103</u>	<u>9,662</u>
Increase in net assets	573,756	1,420,487
Net assets at beginning of year	<u>2,560,086</u>	<u>1,139,599</u>
Net assets at end of year	<u>\$ 3,133,842</u>	<u>\$ 2,560,086</u>

See accompanying notes to the basic financial statements.

**Salt Lake Valley Emergency Communications Center**  
**Statements of Cash Flows**  
**For the fiscal years ended June 30,**

	2006	2005
Cash flows from operating activities		
Receipt of 911 service charges	\$ 4,747,359	\$ 5,548,141
Member billings received	3,609,108	3,526,829
Payments to suppliers	(2,793,660)	(3,197,313)
Payments to employees	(4,777,349)	(4,300,701)
Other receipts	91,774	89,944
Net cash provided by operating activities	877,232	1,666,900
Cash flows from capital and related financing activities		
Purchase of capital assets	(674,301)	(33,210)
Intergovernmental grants received	823,103	9,662
Payments made on obligations to other governments	(171,465)	-
Principal paid on certificates of participation	(339,000)	(310,000)
Interest paid on certificates of participation	(332,232)	(347,980)
Principal paid on capital lease obligations	(53,843)	(104,241)
Interest paid on capital lease obligations	-	(5,809)
Net cash used by capital and related financing activities	(747,738)	(791,578)
Cash flows from investing activities		
Lease revenue collected	84,129	84,128
Interest income collected	58,264	21,278
Net cash provided by investing activities	142,393	105,406
Net increase in cash and cash equivalents	271,887	980,728
Cash and cash equivalents at beginning of year	1,196,041	215,313
Cash and cash equivalents at end of year	<u>\$ 1,467,928</u>	<u>\$ 1,196,041</u>
Cash and cash equivalents consists of:		
Unrestricted cash and cash equivalents	\$ 777,364	\$ 1,196,041
Restricted cash and cash equivalents	690,564	-
	<u>\$ 1,467,928</u>	<u>\$ 1,196,041</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (71,485)	\$ 1,622,497
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	551,134	493,485
Changes in assets and liabilities		
Receivables	(130,324)	(374,458)
Prepaid expenses	72,600	(72,600)
Deferred revenue related to member billings	-	-
Accounts payable	3,463	(85,241)
Accounts payable from restricted assets	486,803	-
Accrued liabilities	(34,959)	83,217
Net cash provided by operating activities	<u>\$ 877,232</u>	<u>\$ 1,666,900</u>

See accompanying notes to the basic financial statements.

# **Salt Lake Valley Emergency Communications Center**

## **Notes to the Basic Financial Statements**

### **June 30, 2006 and 2005**

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#### **NOTE A - SUMMARY OF ACCOUNTING POLICIES**

Salt Lake Valley Emergency Communications Center (the Center) was established in 1988 under the Utah Interlocal Co-operation Act as a joint enterprise of several cities located in Northern Utah. The Center operates under the direction of an appointed Board of Trustees which consists of representatives from each of the member cities. The Center was created for the purpose of funding and operating a facility which provides various services to the member cities including: emergency communications, dispatch services for police, fire and medical needs, and 911 service.

The Center's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Center has the option to apply FASB pronouncements issued after that date, the Center has chosen not to do so. The more significant accounting policies established in GAAP and used by the Center are discussed below.

#### Reporting entity

The Center's basic financial statements include the financial position and results of operations of the Center. A review of other units of local government, using the criteria set forth in generally accepted accounting principles, indicates there are no additional entities or funds for which the Center has reporting responsibilities. Management has determined the Center should not be considered a component unit of its member governments for the following reasons:

- The Center has separate legal standing from its member governments.
- None of the member governments appoint the voting majority of the Center's Board of Trustees. The Center's Board of Trustees consists of 9 members – each member government appointing one board member.
- The financial statements of its member governments would not be misleading or incomplete without the inclusion of the Center's financial statements.

#### Basic Financial Statements and Basis of Accounting

The Center is an enterprise fund and categorized as a business-type activity, where the intent is that costs of providing goods or services to the member entities on a continuing basis be financed or recovered primarily through member billings and 911 service charges that are imposed by the member governments for use by the Center.

The Center's financial statements are presented on the full accrual, economic resource basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recognized when earned and expenses are recognized when incurred.

**Salt Lake Valley Emergency Communications Center**  
**Notes to the Basic Financial Statements**  
**June 30, 2006 and 2005**

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NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expense not related to capital and related financing, noncapital financing, or investing activities. The Center's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets, if any; and unrestricted net assets.

Receivables

Receivables consist of amounts due from member cities, 911 franchise taxes and miscellaneous other items. An allowance for doubtful accounts is not considered necessary as of June 30, 2006 or 2005.

Cash and cash equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity date of less than 90 days.

Capital assets and depreciation

Capital assets are defined by the Center as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 5 years. The Center records its capital assets at cost. Contributed capital assets are valued at their estimated fair market value on the date of contribution. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Maintenance and repairs are charged to current period operating expenses, whereas additions and improvements are capitalized.

Depreciation of property and equipment has been provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	30
Improvements other than buildings	10
Equipment, furniture and fixtures	10

Debt issue costs

Debt issue costs are recorded as an asset and amortized over the life of the related obligation. Amortization is computed on the straight-line method, which approximates the effective interest method.

**Salt Lake Valley Emergency Communications Center**  
**Notes to the Basic Financial Statements**  
**June 30, 2006 and 2005**

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NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Unearned revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

NOTE B – DEPOSITS AND INVESTMENTS

The Center's deposits and investments are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

**Custodial Credit Risk – Deposits**

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Center's deposits may not be recovered. The Money Management Act requires deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits in excess of the insured amounts are uninsured and uncollateralized. Deposits are not required to be collateralized by state statute. The deposits for the Center at June 30, 2006 were \$366,788, \$290,490 of which was exposed to custodial credit risk as uninsured and uncollateralized.

**Investments**

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities.

**Salt Lake Valley Emergency Communications Center**  
**Notes to the Basic Financial Statements**  
**June 30, 2006 and 2005**

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**NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED**

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Services or Standard & Poor’s; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rate “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

The Center’s investments at June 30, 2006 are presented below:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in years)</b>			
		<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>
<b>Debt Securities</b>					
Utah Public Treasurer’s Investment Fund	<u>\$1,101,140</u>	<u>\$1,101,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Interest Rate Risk – Investments**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

The Center’s policy for managing interest rate risk is to comply with the State’s Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers’ acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

**Credit Risk of Debt Securities**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Center follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk. The Center’s rated debt investments are presented below:



**Salt Lake Valley Emergency Communications Center**  
**Notes to the Basic Financial Statements**  
**June 30, 2006 and 2005**

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NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

<b>Rated Debt Investments</b>	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
<b>Debt Securities</b>					
Utah Public Treasurer's Investment Fund	\$1,101,140	\$ -	\$ -	\$ -	\$1,101,140

**Custodial Credit Risk – Investments**

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the Center will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Center does not have a formal policy for custodial credit risk.

All of the Center's investments at June 30, 2006 were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to custodial credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note D.

**Concentration of Credit Risk – Investments**

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer.

The Center's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

All of the Center's investments at June 30, 2006 were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to concentration of credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note D.

NOTE C – RESTRICTED CASH AND CASH EQUIVALENTS

At June 30, 2006, all of the Center's restricted cash and cash equivalents consist of unexpended grant funds received for purposes of upgrading the Center's hardware and software.

**Salt Lake Valley Emergency Communications Center**  
**Notes to the Basic Financial Statements**  
**June 30, 2006 and 2005**

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**NOTE D – EXTERNAL INVESTMENT POOL**

The Center invests in the Public Treasurer's Investment Fund (PTIF) which is an external investment pool administered by Utah State Public Treasurer. State agencies, municipalities, counties, and local governments within the State of Utah are allowed to invest in the PTIF. There is no required participation and no minimum balance or minimum/maximum transaction requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Chapter 51-7, Utah Code Annotated, 1953, as amended. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. The participants' balance is their investment deposited in the PTIF plus their share of income, gains and losses, net of administration fees, which are allocated to each participant on the ratio of each participant's share to the total funds in the PTIF.

Twice a year, at June 30 and December 31, the investments are valued at fair value to enable participants to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security's fair value in accordance with GASB 31 (i.e. for almost all pool investments the quoted market price as of June 30, 2006) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2006, the Center had \$1,101,140 invested in the PTIF which had a fair value of \$1,100,788 for an unrealized loss of \$352. Due to the insignificance of this amount, the fair value of the investments in this external investment pool is deemed to be the amortized cost of the investment.

The table below shows statistical information about the investment pool:

<u>Investment Type</u>	<u>Investment Percentage</u>
Corporate bonds and notes	63.05%
Commercial paper	2.41%
Money market accounts and Certificates of deposit	4.82%
U.S. Government securities	29.72%
	<u>100.00%</u>

**Salt Lake Valley Emergency Communications Center**  
**Notes to the Basic Financial Statements**  
**June 30, 2006 and 2005**

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**NOTE E – CAPITAL ASSETS**

Capital asset activity is summarized as follows:

	<u>July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2006</u>
Nondepreciable capital assets:				
Land	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>
Depreciable capital assets:				
Buildings	<u>\$7,373,567</u>	<u>-</u>	<u>\$ -</u>	<u>\$7,373,567</u>
Improvements other than buildings	<u>173,467</u>	<u>-</u>	<u>-</u>	<u>173,467</u>
Equipment, furniture and fixtures	<u>5,524,069</u>	<u>674,301</u>	<u>-</u>	<u>6,198,370</u>
Total depreciable capital assets at historical cost	<u>13,071,103</u>	<u>674,301</u>	<u>-</u>	<u>13,745,404</u>
Less accumulated depreciation:				
Buildings	<u>962,828</u>	<u>245,785</u>	<u>-</u>	<u>1,208,613</u>
Improvements other than buildings	<u>173,467</u>	<u>-</u>	<u>-</u>	<u>173,467</u>
Equipment, furniture and fixtures	<u>4,300,801</u>	<u>305,349</u>	<u>-</u>	<u>4,606,150</u>
Total accumulated depreciation	<u>5,437,096</u>	<u>551,134</u>	<u>-</u>	<u>5,988,230</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$7,634,007</u>	<u>\$123,166</u>	<u>\$ -</u>	<u>\$7,757,174</u>
	<u>July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2005</u>
Nondepreciable capital assets :				
Land	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>
Depreciable capital assets:				
Buildings	<u>\$7,373,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$7,373,567</u>
Improvements other than buildings	<u>173,467</u>	<u>-</u>	<u>-</u>	<u>173,467</u>
Equipment, furniture and fixtures	<u>5,490,859</u>	<u>33,210</u>	<u>-</u>	<u>5,524,069</u>
Total depreciable capital assets at historical cost	<u>13,037,893</u>	<u>33,210</u>	<u>-</u>	<u>13,071,103</u>
Less accumulated depreciation:				
Buildings	<u>717,043</u>	<u>245,785</u>	<u>-</u>	<u>962,828</u>
Improvements other than buildings	<u>173,467</u>	<u>-</u>	<u>-</u>	<u>173,467</u>
Equipment, furniture and fixtures	<u>4,053,101</u>	<u>247,700</u>	<u>-</u>	<u>4,300,801</u>
Total accumulated depreciation	<u>4,943,611</u>	<u>493,485</u>	<u>-</u>	<u>5,437,096</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$8,094,282</u>	<u>\$(460,275)</u>	<u>\$ -</u>	<u>\$7,634,007</u>

**Salt Lake Valley Emergency Communications Center**  
**Notes to the Basic Financial Statements**  
**June 30, 2006 and 2005**

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**NOTE F – LONG-TERM OBLIGATIONS AND CERTIFICATES OF PARTICIPATION**

The following is a summary of changes in long-term obligations:

	July 1, 2005	Additions	Deletions	June 30, 2006	Amounts Due Within One Year
Lease Certificates of Participation – Series 2001	\$6,475,648	\$ -	\$333,151	\$6,142,497	\$369,000
Capital lease obligations	53,843	-	53,843	-	-
Unearned lease revenue	396,430	-	22,866	373,564	22,872
Compensated absences	185,564	371,128	386,786	169,906	99,744
	<u>\$7,111,485</u>	<u>\$371,128</u>	<u>\$796,646</u>	<u>\$6,685,967</u>	<u>\$491,616</u>

	July 1, 2004	Additions	Deletions	June 30, 2005	Amounts Due Within One Year
Lease Certificates of Participation – Series 2001	\$6,779,799	\$ -	\$304,151	\$6,475,648	\$339,000
Capital lease obligations	158,084	-	104,241	53,843	53,843
Unearned lease revenue	419,302	-	22,872	396,430	22,872
Compensated absences	162,899	313,264	290,599	185,564	101,459
	<u>\$7,520,084</u>	<u>\$313,264</u>	<u>\$721,863</u>	<u>\$7,111,485</u>	<u>\$517,174</u>

During December 2001, the Center entered into a lease purchase arrangement through certificates of participation. Under the agreement, a national bank, acting as trustee, issued \$7,435,000 in Refunding Certificates of Participation, Series 2001. The Series 2001 Certificates are payable in 15 annual installments ranging from \$604,158 to \$834,335, including interest at 5.08%. The final maturity of the Certificates is in 2016.

Under the agreement, the bank owns the buildings, equipment and communications tower, construction and acquisition of which was financed under a similar prior agreement and leases that property to the Center under a lease/purchase agreement. The Center pays base rentals that are sufficient to pay the principal and interest when due on the Certificates.

**Salt Lake Valley Emergency Communications Center**  
**Notes to the Basic Financial Statements**  
**June 30, 2006 and 2005**

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**NOTE F – LONG-TERM OBLIGATIONS AND CERTIFICATES OF PARTICIPATION –  
CONTINUED**

The base rentals (which equal the annual debt service requirements to maturity, including principal and interest on the Certificates), are as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 369,000	\$ 315,011	\$ 684,011
2008	402,000	296,266	698,266
2009	436,000	275,844	711,844
2010	472,000	253,695	725,695
2011	511,000	229,718	740,718
2012-2016	3,217,000	715,821	3,932,821
2017	794,000	40,335	834,335
	<u>6,201,000</u>	<u>2,126,690</u>	<u>8,327,690</u>
Less unamortized loss on refunding	(58,503)	-	(58,503)
	<u>\$ 6,142,497</u>	<u>\$ 2,126,690</u>	<u>\$ 8,269,187</u>

The Series 2001 Certificates were issued to finance a current refunding of \$7,433,000 of Series 2000 Certificates of Participation that were originally issued to finance the construction of the property covered under the lease described above. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$87,748. This amount is being netted against the new debt and amortized over the new debt's life, which is shorter than the refunded debt.

**NOTE G – CAPITAL LEASE OBLIGATIONS**

In prior years the Center had entered into two lease agreements as lessee for financing the acquisition of certain computer equipment. One of the leases was paid off during 2004. These lease agreements qualified as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows at June 30,

	2006	2005
Computer equipment and software, at cost	\$500,000	\$500,000
Less accumulated depreciation	(350,000)	(250,000)
	<u>\$150,000</u>	<u>\$250,000</u>

The future minimum lease obligations were met in 2006.

**Salt Lake Valley Emergency Communications Center**  
**Notes to the Basic Financial Statements**  
**June 30, 2006 and 2005**

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**NOTE H – LEASE REVENUE**

The Center is currently leasing office space and a radio room to Utah Communications Agency Network (UCAN) under two operating lease agreements. Under the terms of these leases, UCAN is required to make quarterly payments of \$21,032 until January 1, 2020 at which time the leases expire unless both parties agree to extend their terms.

In addition, the Center is leasing a storage facility to UCAN under an operating lease agreement. The annual lease amount under this lease agreement is \$22,872 until October 31, 2022, at which time the lease expires unless both parties agree to extend the term of the lease.

The following is a schedule of the future minimum lease payments under the terms of these leases:

Year ending June 30,	
2007	\$ 107,000
2008	107,000
2009	107,000
2010	107,000
2011	107,000
Thereafter	972,464
	<u>\$1,507,464</u>

**NOTE I – UNEARNED REVENUE**

Unearned revenue consists of the following as of June 30,

	2006	2005
Prepaid lease revenue received from UCAN for lease of storage facility	\$373,564	\$396,430
Less current portion	22,872	22,872
	<u>\$350,692</u>	<u>\$373,558</u>

**NOTE J - COMPENSATED ABSENCES**

Full-time, regular employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Center. Employees can also earn compensatory time for hours worked in excess of normal full-time hours. Accumulated unpaid amounts are accrued when benefits vest to employees and the unpaid liability is reflected as compensated absences payable.

**Salt Lake Valley Emergency Communications Center**  
**Notes to the Basic Financial Statements**  
**June 30, 2006 and 2005**

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**NOTE K - RETIREMENT PLANS**

Plan Description - The Center contributes to the Local Governmental Noncontributory Retirement System cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy - Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong. At June 30, 2006, in the Local Governmental Noncontributory Retirement System, the Center is required to contribute 11.09% of employees' annual covered salary. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The Center contributions to the Local Governmental Noncontributory Retirement System for the years ended June 30, 2006, 2005, and 2004, were \$463,301, \$427,651, and \$357,375, respectively. The contributions were equal to the required contributions for each year.

**NOTE L - DEFERRED COMPENSATION PLAN**

Under the Utah State Retirement Systems Plan, the Center participates in a 401(k) plan which is a multiple employer defined contribution plan. All employees of the Center are eligible to participate in the plan. The employee is 100 percent vested immediately upon contribution to the plan. The employer contributes 4.77% of the employee's eligible salary for retirement benefits and the employee contribution is voluntary.

Contributions made by employees to the 401(k) Plan were \$27,611 and \$39,795 for 2006 and 2005, respectively. In 2006, the Center made contributions totaling \$57,102 (\$53,182 in 2005).

In addition, the Center offers its employees participation in a defined contribution deferred compensation plan created in accordance with Internal Revenue Code Section 401(a) (the 401(a) plan). All employees of the Center are eligible and are required to participate in the 401(a) plan. The employee is fully vested in the plan after 5 years of service. The Center and the employee each contribute 6.2% of the employee's eligible salary to the

**Salt Lake Valley Emergency Communications Center**  
**Notes to the Basic Financial Statements**  
**June 30, 2006 and 2005**

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**NOTE L - DEFERRED COMPENSATION PLAN – CONTINUED**

plan on behalf of the employee. Contributions to the plan by employees and by the Center were \$792,568 in 2006 (\$609,055 in 2005).

The Center also offers its full-time employees voluntary participation in a deferred compensation plan in accordance with Internal Revenue Code Section 457. Contributions to the plan by employees were \$30,112 in 2006 (\$24,981 in 2005).

The Center also offers its full time employees voluntary participation in a retirement health savings plan in accordance with Internal Revenue Code Section 801. Employees must contribute at least \$50 per pay period with a 4% contribution by the Center. Employees must complete one year of employment with the Center to be eligible for the plan. The enrollment period is offered once a year for ninety days. The employee contributions are irrevocable. Contributions to the plan by employees and the Center were \$40,476 in 2006 (\$17,465 in 2005).

**NOTE M - RISK MANAGEMENT**

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Center carries commercial insurance for all of these risks of loss, except natural disasters other than earthquakes. During 2005, the Center did not decrease any levels of insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Expenses and claims not covered by insurance are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

Claims information for the past two years is as follows:

	2006	2005
Claims liability July 1,	\$ -	\$ -
Claims incurred during the year and changes in estimates	-	-
Payments on claims during the year		
Payments made by insurance	-	-
Payments made by the Center	-	-
Claims liability June 30,	<u>\$ -</u>	<u>\$ -</u>

**NOTE N – RECLASSIFICATIONS**

Certain reclassifications have been made to the 2005 financial statements to conform to the 2006 presentation.



## Statistical Section

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This part of the Salt Lake Valley Emergency Communication's Center comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Center's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	37-38
These schedules provide trend information to help the reader understand how the Center's financial performance and economic condition have changed over time.	
<b>Debt Capacity</b>	39
This schedule provides information to help the reader assess the affordability of the Center's current levels of outstanding debt and the Center's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	40
This schedule presents demographic and economic indicators to help the reader understand the environment within which the Center's financial activities take place.	
<b>Operating Information</b>	41-42
These schedules contain service and infrastructure data to help the reader understand how the information in the Center's financial reports relates to the services the Center provides and the activities it performs.	

Note: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Center implemented GASB Statement 44 in 2005; new information required by GASB 44 is shown prospectively except in those cases in which prior year information was readily available.

**Salt Lake Valley Emergency Communications Center**  
**Net Assets by Component**  
**Last Five Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year				
	2002	2003	2004	2005	2006
Invested in capital assets, net of related debt	\$ 433,072	\$ 1,177,586	\$1,321,919	\$ 1,264,996	\$ 1,770,117
Restricted for capital projects	-	-	-	-	203,761
Unrestricted	871,823	524,047	(182,320)	1,295,090	1,159,964
Total	<u>\$ 1,304,895</u>	<u>\$ 1,701,633</u>	<u>\$1,139,599</u>	<u>\$ 2,560,086</u>	<u>\$ 3,133,842</u>

Note: Prior to fiscal year 2002, the Center prepared its financial statements on the modified accrual basis of accounting.

**Salt Lake Valley Emergency Communications Center**  
**Change in Net Assets**  
**Last Five Fiscal Years**

(accrual basis of accounting)

	Fiscal Year				
	2006	2005	2004	2003	2002
Operating revenues					
911 service charges	\$ 4,815,359	\$ 5,928,141	\$ 3,973,308	\$ 4,358,912	\$ 3,812,668
Member billings	3,629,441	3,521,287	3,233,943	3,102,987	2,856,272
Operating grant	-	-	-	-	108,628
Miscellaneous	133,765	89,944	73,541	108,500	40,028
Total operating revenues	8,578,565	9,539,372	7,280,792	7,570,399	6,817,596
Nonoperating revenues					
Interest income	58,264	21,278	17,172	27,218	51,597
Lease revenue	106,995	107,000	107,000	100,672	58,460
Total nonoperating revenues	165,259	128,278	124,172	127,890	110,057
Total revenues	8,743,824	9,667,650	7,404,964	7,698,289	6,927,653
Operating expenses					
Administrative services	839,525	768,988	612,801	628,333	742,421
Management info systems	318,070	298,427	444,969	301,154	336,723
Call takers	3,127,879	2,697,001	2,599,248	2,256,089	2,310,298
Law enforcement dispatch	2,519,871	2,443,403	2,244,817	2,111,516	2,210,009
Fire dispatch	1,293,571	1,215,571	1,212,657	1,127,619	1,211,195
Depreciation	551,134	493,485	485,163	471,447	-
Total operating expenses	8,650,050	7,916,875	7,599,655	6,896,158	6,810,646
Nonoperating expenses					
Interest expense	338,081	334,910	370,150	400,353	487,876
Amortization of debt costs	5,040	5,040	5,040	5,040	5,400
Total nonoperating expenses	343,121	339,950	375,190	405,393	493,276
Total expenses	8,993,171	8,256,825	7,974,845	7,301,551	7,303,922
Income (loss) before contributions	(249,347)	1,410,825	(569,881)	396,738	(376,269)
Capital contributions - intergovernmental grants	823,103	9,662	7,847	-	-
Increase in net assets	573,756	1,420,487	(562,034)	396,738	(376,269)
Net assets at beginning of year	2,560,086	1,139,599	1,701,633	1,304,895	1,681,164
Net assets at end of year	\$ 3,133,842	\$ 2,560,086	\$ 1,139,599	\$ 1,701,633	\$ 1,304,895

Note: Prior to fiscal year 2002, the Center prepared its financial statements on the modified accrual basis of accounting.

**Salt Lake Valley Emergency Communications Center**  
**Ratio of Outstanding Debt by Type**  
**Last Five Fiscal Years**

	Fiscal Year				
	2002	2003	2004	2005	2006
Certificates of Participation	\$ 7,353,101	\$ 7,056,950	\$ 6,779,799	\$ 6,475,648	\$ 6,142,497
Capital leases	705,143	378,303	158,084	53,843	-
Total business-type debt	<u>\$ 8,058,244</u>	<u>\$ 7,435,253</u>	<u>\$ 6,937,883</u>	<u>\$ 6,529,491</u>	<u>\$ 6,142,497</u>
Per capita					
personal income (1)	\$ 28,204	\$ 28,539	\$ 28,760	\$ 29,010	\$ 29,334
Population (2)	587,820	601,560	613,560	620,015	650,000
Percentage of personal income as a percentage of total business-type debt	0.35%	0.38%	0.41%	0.44%	0.48%
Per capita debt as a percentage of total business-type debt	7.29%	8.09%	8.84%	9.50%	10.58%

(1) Per capital income provided by the Governor's Office of Planning and Budget

(2) Population data based on the 2000 census and estimated based on community growth rates

**Salt Lake Valley Emergency Communications Center  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income (1)	Per Capita	Unemployment Rate (3)
			Personal Income (2)	
1997	475,444	N/A	N/A	3.20%
1998	491,662	N/A	N/A	2.90%
1999	498,530	N/A	N/A	3.60%
2000	523,969	N/A	N/A	3.60%
2001	533,419	\$14,761,837,406	27,674	3.10%
2002	587,820	\$16,578,875,280	28,204	4.30%
2003	601,560	\$17,167,920,840	28,539	6.10%
2004	613,560	\$17,645,985,600	28,760	5.80%
2005	620,015	\$17,986,635,150	29,010	5.53%
2006	650,000	\$19,067,100,000	29,334	4.25%

(1) Estimates of total personal income are derived by multiplying per capita personal income amounts by the corresponding population

(2) Per capita personal income amounts are for Salt Lake County.

(3) Unemployment rates are for the Salt Lake County area.

**Salt Lake Valley Emergency Communications Center**  
**Full-time Equivalent Employees by Function**  
**Last Five Fiscal Years**

Function	Fiscal Year				
	2002	2003	2004	2005	2006
Administration	7	7	6	6	6
Management information systems	3	3	4	4	4
Call takers	31	31	31	36	36
Law dispatch	39	39	44	44	44
Fire dispatch	21	21	21	21	21
Total full-time equivalents	101	101	106	111	111

**Salt Lake Valley Emergency Communications Center**  
**Operating Indicators by Program**  
**Last Five Calendar Years**

	Calendar Year (1)			
	2002	2003	2004	2005
<b>Calls taken</b>				
Emergency 911	155,622	105,472	92,624	88,351
Cell Emergency 911	106,287	156,748	164,485	174,421
Non Emergency	311,683	311,962	320,284	324,626
Total calls to Center	<u>573,592</u>	<u>574,182</u>	<u>577,393</u>	<u>587,398</u>
<b>Calls Dispatched</b>				
Law Enforcement				
Dispatched calls	311,657	342,966	295,595	324,506
Cost-per-call	\$ 6.69	\$ 6.69	\$ 6.94	\$ 7.45
Fire Dispatch				
Dispatched calls	50,249	50,278	50,317	50,281
Cost-per-call	\$ 18.96	\$ 18.96	\$ 19.68	\$ 21.00

(1) These type of statistics are compiled based on calendar years instead of fiscal years

## **Compliance and Internal Control Section**



# OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees  
Salt Lake Valley Emergency Communications Center

We have audited the basic financial statements of Salt Lake Valley Emergency Communications Center, as of and for the year ended June 30, 2006, and have issued our report thereon dated August 7, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, the Board of Trustees, and the Utah State Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties.

*Osborne Robbins & Buhler PLLC*

August 7, 2006

# OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON STATE LEGAL COMPLIANCE IN ACCORDANCE WITH STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE

Board of Trustees  
Salt Lake Valley Emergency Communications Center

We have audited the accompanying basic financial statements of Salt Lake Valley Emergency Communications Center (the Center) for the year ended June 30, 2006, and have issued our report thereon dated August 7, 2006. As part of our audit, we have audited the Center's compliance with the requirements governing types of services allowed or unallowed applicable to its major State assistance program for the year ended June 30, 2006. The Center received the following major assistance program from the State of Utah:

VESTA MI System (Utah 911 Committee)

The Center received the following nonmajor grants which are not required to be audited for specific compliance requirements:

EMS Grant	(Department of Health)
HLS Grant	(Department of Health)
VESTA MI Grant	(Department of Health)
DOT/Spillman Grant	(Department of Health)

Our audit included testwork on the Center's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Other General Compliance Issues

The Center did not receive any major State grants during the year ended June 30, 2006.

The management of the Center is responsible for the Center's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with requirements referred to above.

In our opinion, the Center complied, in all material respects, with the general compliance requirements identified above for the year ended August 7, 2006.

This report is intended solely for the information of management, others within the organization, the Board of Trustees, and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

*Osborne Robbins & Bahler PLLC*

August 7, 2006